

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST CLARK COUNTY WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY, APPROVAL FOR)	CASE NO. 92-343
FINANCING AND FOR ADJUSTMENT TO RETAIL)	
RATES)	

O R D E R

On August 28, 1992, East Clark County Water District ("East Clark") filed its application for Commission approval of its proposed construction, financing, and increased water rates. East Clark's proposed rates for water service would generate additional annual revenues of \$102,868, an increase of 25 percent.

By Order dated September 16, 1992, the Commission granted East Clark a Certificate of Public Convenience and Necessity for the construction of water main extensions and a water storage tank and approved the financing plan for this project. In order to evaluate the requested rate increase, the Commission Staff ("Staff") conducted a field review of East Clark's test-period financial records. Based upon this review, Staff issued a report on February 25, 1993, recommending an increase of \$154,457 in annual revenues for water service.

By Order dated February 25, 1993, the Commission advised East Clark that comments on the Staff Report or requests for a public hearing or informal conference must be submitted no later than March 12, 1993, or this case would stand submitted to the

Commission for decision. On March 9, 1993, East Clark filed its response in which it accepted the Staff Report and indicated that it did not desire a hearing. East Clark sought to qualify its acceptance by reserving its right to seek an adjustment of its rates in a later case without being bound by Staff's inclusion of the depreciation expense associated with contributed property in its revenue requirement.

The Commission cannot allow East Clark to operate on anything less than sound financial footing. Additionally, East Clark admits that it has no basis to contest Staff's inclusion of the depreciation expense. Therefore, the Commission agrees with Staff's inclusion of the depreciation expense in East Clark's revenue requirement.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates in Appendix A, which is attached hereto and incorporated herein, are the fair, just, and reasonable rates for East Clark and will produce gross annual revenues of \$531,553 for water service based on adjusted test-year sales. These rates will allow East Clark sufficient revenues to meet its operating expenses

and provide for future equity growth, including provisions for servicing its debts.

3. The rates proposed by East Clark would not produce a sufficient increase in revenue and should be denied upon application of KRS 278.030.

IT IS THEREFORE ORDERED that:

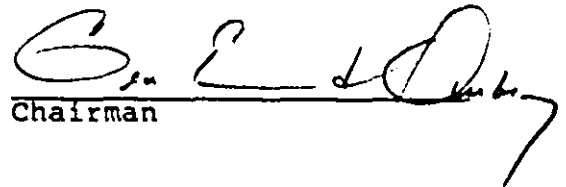
1. The rates proposed by East Clark in its application are hereby denied.

2. The rates in Appendix A are approved for service rendered by East Clark on and after the date of this Order.

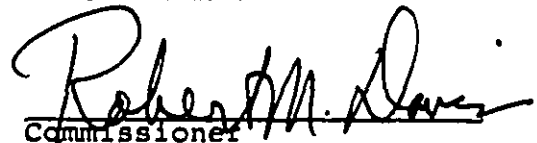
3. Within 30 days from the date of this Order, East Clark shall file with the Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 5th day of April, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-343 DATED April 5, 1993.

The following rates and charges are prescribed for the customers in the area served by East Clark County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Usage Blocks

Monthly Rates

First 2,000 gallons	\$19.80 Minimum Bill
Next 2,000 gallons	9.55 per 1,000 gallons
Next 3,000 gallons	7.35 per 1,000 gallons
Next 3,000 gallons	5.90 per 1,000 gallons
Over 10,000 gallons	4.45 per 1,000 gallons